

ATTALA COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2013

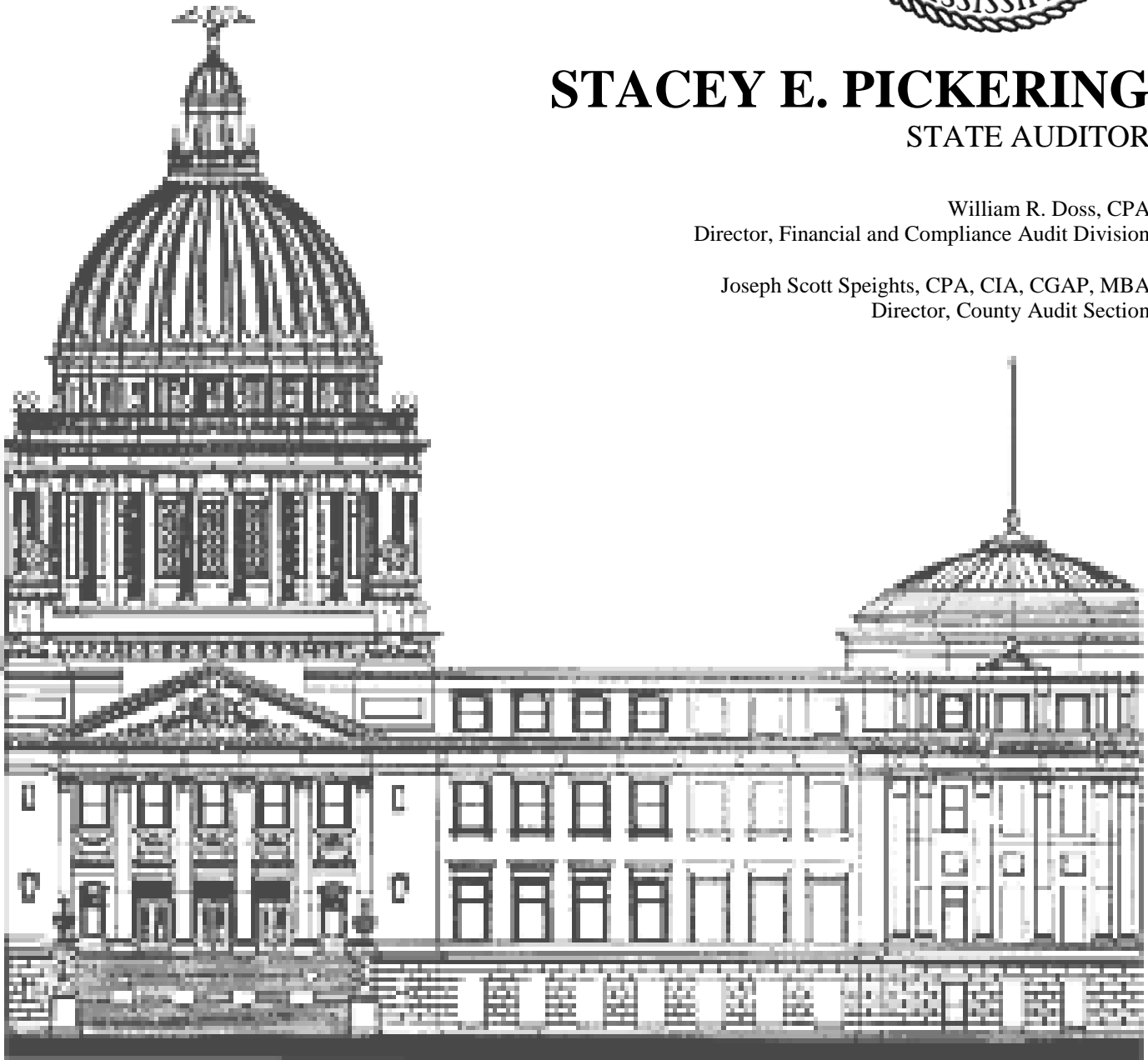


STACEY E. PICKERING

STATE AUDITOR

William R. Doss, CPA
Director, Financial and Compliance Audit Division

Joseph Scott Speights, CPA, CIA, CGAP, MBA
Director, County Audit Section



A Report from the County Audit Section

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

December 23, 2014

Members of the Board of Supervisors
Attala County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2013 financial and compliance audit report for Attala County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Attala County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Attala County. If I or this office can be of any further assistance, please contact me or J. Scott Speights of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering".

Stacey E. Pickering
State Auditor

ATTALA COUNTY

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ATTALA COUNTY

FINANCIAL SECTION

ATTALA COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Attala County, Mississippi

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Attala County, Mississippi, (the County) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting, as described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit

The financial statements do not include financial data for the County's legally separate component unit. Accounting principles applicable to the County's cash basis of accounting require the financial data for this component unit to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the cash basis assets, net position, receipts and disbursements of the aggregate discretely presented component units is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly, the cash basis financial position of the aggregate discretely presented component unit of Attala County, Mississippi, as of September 30, 2013, or the changes in cash basis financial position thereof for the year then ended in accordance with accounting principles applicable to the County's cash basis of accounting.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of Attala County, Mississippi, as of September 30, 2013, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements which describes that Attala County, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

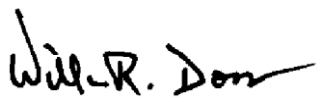
Other Matters

Report on Supplementary and Other Information

The Budgetary Comparison Schedules, Schedule of Interfund Loans, Schedule of Capital Assets, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for County Officials and corresponding notes have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on such information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2014, on our consideration of Attala County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Attala County, Mississippi's internal control over financial reporting and compliance.



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

December 23, 2014

ATTALA COUNTY

FINANCIAL STATEMENTS

ATTALA COUNTY

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ATTALA COUNTY
Statement of Net Position - Cash Basis
September 30, 2013

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ 10,382,120
Total Assets	<u>10,382,120</u>
NET POSITION	
Restricted:	
Expendable:	
General government	60,511
Public safety	328,982
Public works	3,962,200
Health and welfare	8,658
Economic development and assistance	839
Debt service	73,452
Unemployment compensation	48,910
Unrestricted	<u>5,898,568</u>
Total Net Position	<u>\$ 10,382,120</u>

The notes to the financial statements are an integral part of this statement.

ATTALA COUNTY
Statement of Activities- Cash Basis
For the Year Ended September 30, 2013

Exhibit 2

Functions/Programs	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 3,412,292	431,188	16,850		(2,964,254)
Public safety	2,056,658	369,238	142,858		(1,544,562)
Public works	2,880,354		790,807		(2,089,547)
Health and welfare	234,024		28,431		(205,593)
Culture and recreation	110,036				(110,036)
Education	194,137		191,263		(2,874)
Conservation of natural resources	107,328				(107,328)
Economic development and assistance	122,270				(122,270)
Debt service:					
Principal	297,647				(297,647)
Interest	68,484				(68,484)
Total Governmental Activities	<u>9,483,230</u>	<u>800,426</u>	<u>1,170,209</u>	<u>0</u>	<u>(7,512,595)</u>
General receipts:					
Property taxes				\$	6,504,706
In Lieu Tax - Texas Gas					232,994
Road & bridge privilege taxes					234,692
Grants and contributions not restricted to specific programs					433,367
Unrestricted interest income					11,912
Miscellaneous					772,564
Proceeds from debt issuance					144,526
Total General Receipts and Other Cash Sources					<u>8,334,761</u>
Changes in Net Position					822,166
Net Position - Beginning					<u>9,559,954</u>
Net Position - Ending				\$	<u>10,382,120</u>

The notes to the financial statements are an integral part of this statement.

ATTALA COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
September 30, 2013

Exhibit 3

	<u>Major Funds</u>			
	<u>General</u>	<u>Capital</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Projects</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
ASSETS				
Cash	\$ 4,103,288	1,794,427	4,484,405	10,382,120
Total Assets	<u>\$ 4,103,288</u>	<u>1,794,427</u>	<u>4,484,405</u>	<u>10,382,120</u>
FUND BALANCES				
Restricted for:				
General government	\$		60,511	60,511
Public safety			328,982	328,982
Public works			3,962,200	3,962,200
Health and welfare			8,658	8,658
Economic development and assistance			839	839
Debt service			73,452	73,452
Unemployment compensation			48,910	48,910
Committed to:				
Public works			853	853
Assigned to:				
General government		1,794,427		1,794,427
Unassigned	4,103,288			4,103,288
Total Fund Balances	<u>\$ 4,103,288</u>	<u>1,794,427</u>	<u>4,484,405</u>	<u>10,382,120</u>

The notes to the financial statements are an integral part of this statement.

ATTALA COUNTY

Exhibit 4

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -
 Governmental Funds
 For the Year Ended September 30, 2013

	<u>Major Funds</u>			
	General	Capital	Other	Total
	Fund	Projects	Governmental	Governmental
	Fund	Fund	Funds	Funds
RECEIPTS				
Property taxes	\$ 4,741,383		1,763,323	6,504,706
In lieu tax - Texas Gas			232,994	232,994
Road and bridge privilege taxes			234,692	234,692
Licenses, commissions and other receipts	276,323		4,682	281,005
Fines and forfeitures	199,292		21,466	220,758
Intergovernmental receipts	651,459		952,117	1,603,576
Charges for services	112,785		185,878	298,663
Interest income	5,121	1,995	4,796	11,912
Miscellaneous receipts	51,805	543,558	177,201	772,564
Total Receipts	<u>6,038,168</u>	<u>545,553</u>	<u>3,577,149</u>	<u>10,160,870</u>
DISBURSEMENTS				
General government	2,953,829	7,568	450,895	3,412,292
Public safety	1,734,491		322,167	2,056,658
Public works	139,627		2,740,727	2,880,354
Health and welfare	234,024			234,024
Culture and recreation	110,036			110,036
Education	194,137			194,137
Conservation of natural resources	107,328			107,328
Economic development and assistance	122,270			122,270
Debt service:				
Principal			297,647	297,647
Interest			68,484	68,484
Total Disbursements	<u>5,595,742</u>	<u>7,568</u>	<u>3,879,920</u>	<u>9,483,230</u>
Excess (Deficiency) of Receipts over Disbursements	<u>442,426</u>	<u>537,985</u>	<u>(302,771)</u>	<u>677,640</u>
OTHER CASH SOURCES (USES)				
Proceeds from long-term debt issuance			144,526	144,526
Transfers in	21,789		444,784	466,573
Transfers out	(51,718)	(302,265)	(112,590)	(466,573)
Total Other Cash Sources and Uses	<u>(29,929)</u>	<u>(302,265)</u>	<u>476,720</u>	<u>144,526</u>
Excess (Deficiency) of Receipts and other Cash Sources over Disbursements and other Cash Uses	<u>412,497</u>	<u>235,720</u>	<u>173,949</u>	<u>822,166</u>
Cash Basis Fund Balances - Beginning of year	<u>3,690,791</u>	<u>1,558,707</u>	<u>4,310,456</u>	<u>9,559,954</u>
Cash Basis Fund Balances - Ending	<u>\$ 4,103,288</u>	<u>1,794,427</u>	<u>4,484,405</u>	<u>10,382,120</u>

The notes to the financial statements are an integral part of this statement.

ATTALA COUNTY
Statement of Fiduciary Assets and Liabilities - Cash Basis
September 30, 2013

Exhibit 5

	Agency Funds
ASSETS	
Cash	\$ 78,774
Total Assets	\$ 78,774
LIABILITIES	
Amounts held in custody for others	\$ 78,774
Total Liabilities	\$ 78,774

The notes to the financial statements are an integral part of this statement.

ATTALA COUNTY

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ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Attala County is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. The financial statements of the County are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board. These accounting principles require Attala County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

Management has chosen to omit from these financial statements the following component unit which has a significant operational or financial relationship with the County. Accordingly, the financial statements do not include the data of this component unit necessary for reporting in accordance with accounting principles applicable to the County's cash basis of accounting.

- Montfort Jones Memorial Hospital

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

B. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position – Cash Basis and a Statement of Activities – Cash Basis, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental receipts and other nonexchange receipts.

The Statement of Net Position – Cash Basis presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities – Cash Basis presents a comparison between direct disbursements and program receipts for each function or program of the County's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other receipts not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the County.

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund equity, receipts and disbursements. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting.

The Government-wide, Governmental Funds and Fiduciary Funds financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred. This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

The County reports the following major Governmental Funds:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Capital Projects Fund - This fund is used to account for and report all receipts and disbursements for various county projects including but not limited to improvements for the county courthouse.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific cash sources that are restricted or committed to disbursement for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to disbursement for principal and interest.

Capital Projects Funds - These funds are used to account for and report financial resources that are restricted, committed or assigned to disbursement for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

E. Deposits.

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less).

F. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net position and displayed in two components:

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of "restricted."

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the County:

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the Board of Supervisors, the County's highest level of decision-making authority. This formal action is an order of the Board of Supervisors as approved in the board minutes.

Assigned fund balance includes amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the Chancery Clerk pursuant to authorization established by the Board of Supervisors.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if disbursements paid for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

When a disbursement is paid for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When disbursements are paid for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

G. Property Tax Receipts.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All property taxes are recognized as receipts when collected.

H. Changes in Accounting Standards.

The County implemented the following standards issued by GASB in the current fiscal year as required: GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*; GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The provisions of these standards have been incorporated into the financial statements and the notes.

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2013, was \$10,460,894, and the bank balance was \$10,779,419. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the County. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

(3) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2013:

Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 21,789
Other Governmental Funds	General Fund	51,718
Other Governmental Funds	Capital Projects Fund	302,265
Other Governmental Funds	Other Governmental Funds	90,801
Total		\$ 466,573

The principal purposes of interfund transfers were to provide funds for operating expenses. Additionally, the Reappraisal Maintenance Fund transferred \$21,789 to the General Fund to repay an outstanding advance. The Reappraisal Trust-Special Fund transferred \$30,000 to the Central Construction Fund to make up for a deficit cash balance in the fund. The Capital Projects Fund transferred \$2,265 to the Volunteer Fire ¼ Mill Fund to make up for a deficit cash balance in the fund. The Reappraisal Trust-Special Fund transferred \$20,000 to the Drug Court Fund as an interfund loan to provide money for operating purposes until the fund was able to repay the loan. The Capital Projects Fund transferred \$300,000 to the Jail Construction Fund as an interfund loan to provide money for operating purposes until the fund was able to repay the loan. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(4) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2013, to January 1, 2014. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(5) Operating Leases.

As Lessor:

The county receives income from property it leases under noncancellable operating leases. Total income from such leases was \$642,730 for the year ended September 30, 2013.

Baxter Brinkmann International Corporation

On January 5, 2005, Attala County entered into an operating lease with Baxter Brinkmann International Corporation for the lease of certain real property, building and all other improvements located at 200 Highway 35 Bypass, Kosciusko, MS. The operating lease stipulated that the lessee, Baxter Brinkmann International Corporation, would pay approximately \$7,764 per month in lease payments commencing February 15, 2005 for a period of 20 years and ending on February 1, 2025. Upon the expiration or termination of this lease, lessee will vacate the premises and give lessor possession of the property unless the lessee by notifying lessor in writing thereof elects to purchase the premises for the sum of all then outstanding base rent payable for the remainder of the term and \$100.

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

Louisiana Extended Care Centers, Inc.

On November 14, 1994, Attala County entered into an operating lease with Louisiana Extended Care Centers, Inc. for the lease of certain property to be used for a nursing home for the purpose of safeguarding community health interest and enhance and promote the public health and general welfare of its citizens. The operating lease stipulated that commencing November 1, 1994 the lessee, Louisiana Extended Care Centers, Inc., would pay the maximum amount of rent allowed by the Mississippi Medicaid Commission and beginning July 1, 1995 and on the first day of July thereafter during the primary term of this lease that the annual rental will be changed to a figure as allowed by the Medicaid Commission per month in lease payments. The term of the primary sublease began on the closing date, November 14, 1994 and ended December 1, 2005. Louisiana Extended Care Centers, Inc. had an option to renew the lease for an additional 10 year period and exercised the option to renew effective January 1, 2006 and ending December 31, 2015 on the same terms and conditions contained in the original lease.

Ability Works, Inc.

On June 1, 2012, Attala County entered into an operating lease with Ability Works, Inc. for the lease of certain property located at 610 West Jefferson Street Kosciusko, MS. The operating lease stipulated that the lessee, Ability Works, Inc., would pay approximately \$500 per month in lease payments commencing June 1, 2012 for three years and ending on May 31, 2015.

The future minimum lease receivables for these leases are as follows:

Year Ended September 30	Brinkmann	Louisiana Extended Care	Ability Works	Total
2014	\$ 93,172	543,558	6,000	642,730
2015	93,172	543,558	4,000	640,730
2016	93,172	135,890		229,062
2017	93,172			93,172
2018	93,172			93,172
2019 – 2023	465,862			465,862
2024 – 2028	<u>128,113</u>			<u>128,113</u>
Total Minimum Payments Required	\$ <u>1,059,835</u>	<u>1,223,006</u>	<u>10,000</u>	<u>2,292,841</u>

(6) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the disbursements of resources for allowable purposes. The County may be responsible for any disallowances.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

(7) Joint Venture.

The County participates in the following joint venture:

Attala County is participant with the City of Kosciusko in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the Attala County Airport Commission. The joint venture was created to manage, control and operate the Attala County Airport, and it is governed by a five-member board of commissioners appointed as follows: Attala County, two; City of Kosciusko, two; rotation, one. The county has contributed \$ 4,023 from the General Fund to the joint venture in fiscal year 2013. Financial statements are not available for the Attala County Airport Commission.

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

(8) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the Counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Attala County Board of Supervisors appoints two of the 22 members of the college board of trustees. The County contributed \$487,879 for maintenance and support of the college in fiscal year 2013.

Mid-Mississippi Regional Library System operates in a district composed of the Counties of Attala, Holmes, Leake, Montgomery and Winston. The Attala County Board of Supervisors appoints one of the five members of the library board of directors. The County contributed \$268,115 for maintenance and support of the library in fiscal year 2013.

Region Six Mental Health/Mental Retardation Center Life Help operates in a district composed of Counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Attala County Board of Supervisors appoints one of the eight members of the board of commissioners. The County contributed \$50,000 for maintenance and support of the center in fiscal year 2013.

Central Mississippi Emergency Medical Services District operates in a district composed of the Counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Rankin, Scott, Smith, Warren and Yazoo. The Attala County Board of Supervisors appoints two of the 26 members of the board of commissioners. The County did not provide any support for the district in fiscal year 2013.

North Central Planning and Development District operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Leflore, Montgomery and Yalobusha. The Attala County Board of Supervisors appoints five of the 35 members of the board of directors. The County contributed \$52,270, for support of the district in fiscal year 2013.

(9) Defined Benefit Pension Plan.

Plan Description. Attala County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. At September 30, 2013, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2013 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2013, 2012 and 2011 were \$443,412, \$408,246, and \$359,290, respectively, equal to the required contributions for each year.

ATTALA COUNTY

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ATTALA COUNTY

OTHER INFORMATION

ATTALA COUNTY

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ATTALA COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2013
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 4,641,500	4,741,383	4,741,383	
Licenses, commissions and other receipts	267,300	276,323	276,323	
Fines and forfeitures	191,450	199,292	199,292	
Intergovernmental receipts	428,800	651,459	651,459	
Charges for services	80,000	112,785	112,785	
Interest income	16,700	5,121	5,121	
Miscellaneous receipts	63,910	51,805	51,805	
Total Receipts	<u>5,689,660</u>	<u>6,038,168</u>	<u>6,038,168</u>	<u>0</u>
DISBURSEMENTS				
Current:				
General government	2,961,818	2,953,829	2,953,829	
Public safety	1,667,575	1,734,491	1,734,491	
Public works	180,005	139,627	139,627	
Health and welfare	292,800	234,024	234,024	
Culture and recreation	114,700	110,036	110,036	
Education		194,137	194,137	
Conservation of natural resources	111,371	107,328	107,328	
Economic development and assistance	123,270	122,270	122,270	
Total Disbursements	<u>5,451,539</u>	<u>5,595,742</u>	<u>5,595,742</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>238,121</u>	<u>442,426</u>	<u>442,426</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Transfers in		21,789	21,789	
Transfers out		(51,718)	(51,718)	
Other financing uses	(100,000)			
Total Other Cash Sources and Uses	<u>(100,000)</u>	<u>(29,929)</u>	<u>(29,929)</u>	<u>0</u>
Net Change in Fund Balance	138,121	412,497	412,497	0
Fund Balances - Beginning	<u>4,103,000</u>	<u>3,690,791</u>	<u>3,690,791</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 4,241,121</u>	<u>4,103,288</u>	<u>4,103,288</u>	<u>0</u>

The accompanying notes to the Other Information are an integral part of this statement.

ATTALA COUNTY
Schedule of Interfund Loans
For the Year Ended September 30, 2013
UNAUDITED

The following is a summary of interfund balances at September 30, 2013:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Balance at Sept. 30, 2013</u>
General	Other Governmental Funds	\$ 20,000
Capital Projects	Other Governmental Funds	<u>300,000</u>
Total		\$ <u><u>320,000</u></u>

The interfund loans are to provide money for operating purposes until the fund is able to repay the loan. All interfund balances are expected to be repaid within one year from the date of the financial statements.

ATTALA COUNTY
Schedule of Capital Assets
For the Year Ended September 30, 2013
UNAUDITED

Governmental activities:

	Balance Oct. 1, 2012	Additions	Deletions	Adjustments*	Balance Sept. 30, 2013
Land	\$ 929,162				929,162
Construction in progress	1,913,766	495,199		(2,176,804)	232,161
Infrastructure	13,117,608			2,176,804	15,294,412
Buildings	9,079,425				9,079,425
Mobile equipment	6,869,888	147,988	62,000	747,450	7,703,326
Furniture and equipment	353,876	28,606			382,482
Leased property under capital leases	1,097,103	188,693		(747,450)	538,346
Total capital assets	\$ 33,360,828	860,486	62,000	0	34,159,314

* Adjustments are to reclassify completed construction in progress to infrastructure and paid off capital lease equipment to mobile equipment.

ATTALA COUNTY
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2013
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2013:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2012	Issued	Principal Payments	Balance Sept. 30, 2013
Governmental Activities:							
A. General Obligation Bonds:							
Series 2005 industrial bonds (Jack Post Property)	02/2005	02/2020	4.88-5.50%	1,200,000		125,000	1,075,000
B. Capital Leases:							
2006 Caterpillar grader	12/2006	01/2013	4.25%	5,973		5,973	-
140H Caterpillar motor grader	08/2008	07/2013	3.26%	30,890		30,890	-
140H Caterpillar motor grader	10/2008	07/2013	3.45%	27,400		27,400	-
Caterpillar 930G loader	04/2009	01/2013	3.00%	7,500		7,500	-
2010 John Deere 6430 tractor	06/2010	01/2014	4.50%	18,750		12,500	6,250
2010 John Deere 6330 tractor	02/2011	01/2015	3.50%	41,560		16,187	25,373
Case 580 Super N backhoe	02/2012	01/2013	2.49%	37,000		37,000	-
Caterpillar 12M road grader	03/2012	07/2015	2.74%	48,350		15,354	32,996
2 Lifepak defibrillators	12/2012	01/2016	2.20%		24,526		24,526
Etnyre chip spreader	01/2013	07/2016	2.23%		60,000	19,843	40,157
Case 580N backhoe	09/2013	07/2017	2.25%		60,000		60,000
Total				\$ 1,417,423	144,526	297,647	1,264,302

ATTALA COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2013
UNAUDITED

Name	Position	Company	Bond
John Edward Womble	Supervisor District 1	Travelers	\$100,000
Charles Fancher	Supervisor District 2	Travelers	\$100,000
Troy R. Hodges	Supervisor District 3	Travelers	\$100,000
Kary Ellington	Supervisor District 4	Travelers	\$100,000
Timothy C. Pinkard	Supervisor District 5	Travelers	\$100,000
Gerry Taylor	Chancery Clerk	Travelers	\$100,000
Kristian Shane Cook	Purchase Clerk	Travelers	\$75,000
Bessie Kennedy	Receiving Clerk	Travelers	\$75,000
Betty Jackson	Receiving Clerk	Travelers	\$75,000
Brenda Williams	Receiving Clerk	Travelers	\$75,000
Beth Wheelless	Assistant Receiving Clerk	Travelers	\$50,000
Lula G. Thompson	Assistant Receiving Clerk	Travelers	\$50,000
Gerry Taylor	Inventory Control Clerk	Travelers	\$75,000
Tony Parks	Constable	Travelers	\$50,000
William V. Roby	Constable	Travelers	\$50,000
Terry Ray	Constable	Travelers	\$50,000
Wanda Fancher	Circuit Clerk	Travelers	\$100,000
Robert "Tim" Nail	Sheriff	Travelers	\$100,000
Sylvia Lawrence	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann.)	Travelers	\$50,000
Robert T. Jordan	Justice Court Judge	Travelers	\$50,000
Ronald Stewart	Justice Court Judge	Travelers	\$50,000
Murilean Hogsett	Justice Court Clerk	Travelers	\$50,000
Angela Shaw	Deputy Justice Court Clerk	Travelers	\$50,000
Donna Mangrum	Deputy Justice Court Clerk	Travelers	\$50,000
Kempe T. Hodges	Tax Assessor/Collector	Travelers	\$100,000
Brenda F. Williams	Deputy Tax Collector	Travelers	\$50,000
Tammmy R. Miles	Deputy Tax Collector	Travelers	\$50,000
Cindy Ray	Deputy Tax Collector	Travelers	\$50,000
Regina Roundtree	Deputy Tax Collector	Travelers	\$50,000
Sheila L. Rockett	Deputy Tax Collector	Travelers	\$50,000
Rebecca A. Thrasher	Deputy Tax Collector	Travelers	\$50,000
Samuel M. Bell	Coroner	Travelers	\$50,000

ATTALA COUNTY

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ATTALA COUNTY

Notes to the Other Information For the Year Ended September 30, 2013

(1) Budgetary Comparison Information.

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of receipt, each general item of disbursement, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund.

(2) Long-term Debt information:

- A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2013, the amount of outstanding debt was equal to less than 1% of the latest property assessments.
- B. Hospital Special Obligation Bond Contingencies - The County issued special obligation bonds to provide funds for constructing and improving capital facilities of the Montfort Jones Memorial Hospital. Special obligation bonds are reported as a liability of the hospital because such debt is payable primarily from the hospital's pledged revenues. However, the County remains contingently liable for the retirement of these bonds because the full faith, credit and taxing power of the County is secondarily pledged in case of default by the hospital. The principal amount of hospital special obligation bonds outstanding at September 30, 2013, is \$6,500,000.
- C. Subsequent Events.

Subsequent to September 30, 2013, the County issued the following debt obligations:

Issue Date	Interest Rate		Issue Amount	Type of Financing	Source of Financing
08/05/2014	2.79%	\$	150,000	Capital lease	Ad valorem taxes
09/08/2014	1.75%		153,000	Capital lease	Ad valorem taxes

ATTALA COUNTY

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ATTALA COUNTY

SPECIAL REPORTS

ATTALA COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE
FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board of Supervisors
Attala County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Attala County, Mississippi, (the County) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 23, 2014. Our report includes an adverse opinion on the aggregate discretely presented component unit due to the omission of the discretely presented component unit which is required by accounting principles applicable to the County's cash basis of accounting to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Attala County, Mississippi's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Attala County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as 2013-002 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2013-001 and 2013-003 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Attala County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Attala County, Mississippi, in the Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated December 23, 2014, included within this document.

Attala County's Responses to Findings

Attala County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Attala County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

December 23, 2014



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON CENTRAL PURCHASING SYSTEM,
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors
Attala County, Mississippi

We have examined Attala County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2013. The Board of Supervisors of Attala County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Attala County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

The results of our audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. These instances of noncompliance were considered in forming our opinion on compliance. Our finding and recommendation and your response are disclosed below:

Inventory Control Clerk.

Capital asset purchases and deletions should be recorded in capital asset records.

Finding

Section 31-7-107, Miss. Code Ann. (1972), requires the Inventory Control Clerk to maintain an inventory system. An effective system of internal controls over capital assets should include proper recording of additions and deletions. As reported in the prior year's audit report, the subsidiary records did not include some additions for capital asset purchases totaling \$222,171. Furthermore, several capital assets totaling \$35,535 which had been sold were not deleted from the subsidiary records.

Another capital asset was recorded as mobile equipment instead of leased property under capital leases. Failure to record all capital asset transactions could result in the loss of capital assets.

Recommendation

The Inventory Control Clerk should properly record additions and deletions in the capital asset subsidiary records.

Inventory Control Clerk's Response

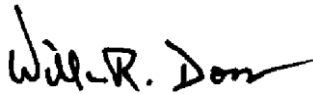
Attala County will follow the recommendations of the State Department of Audit.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Attala County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2013.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

Attala County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

This report is intended for use in evaluating the central purchasing system and inventory control system of Attala County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

December 23, 2014

ATTALA COUNTY

Schedule 1

Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2013

Our test results did not identify any purchases from other than the lowest bidder.

ATTALA COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2013

Schedule 2

Our test results did not identify any emergency purchases.

ATTALA COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2013

Our test results did not identify any purchases made noncompetitively from a sole source.

ATTALA COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Attala County, Mississippi

In planning and performing our audit of the financial statements of Attala County, Mississippi (the County) for the year ended September 30, 2013, we considered Attala County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Attala County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated December 23, 2014, on the financial statements of Attala County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations and areas that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors.

1. Required documentation should be filed with PERS when hiring PERS service retirees.

Finding

The Mississippi Public Employees Retirement System (PERS) requires, under the re-employment provisions of Section 25-11-127, Miss. Code Ann. (1972), counties hiring PERS service retirees to file PERS Form 4B "Certification/Acknowledgement of Re-employment of Retiree" with the PERS office within five days from the date of employment of the retiree. During our testing, we noted that the County's Tax Collector did not have the form 4B signed within five days of being hired.

The Mississippi Public Employees Retirement System may assess a penalty per occurrence payable by the county for not filing PERS Form 4B within five days of re-employment of service retiree.

Recommendation

We recommend the county implement procedures to ensure that the county correctly files PERS Form 4B “Certification/Acknowledgement of Re-employment of Retiree” for all retirees rehired by the county within five days of employment.

Board of Supervisors’ Response

This has already been done.

2. Holmes Community College tax levy should be no lower than the previous year.

Finding

Section 37-29-141, Miss. Code Ann. (1972), states that no county shall levy a smaller tax millage for capital improvements and general support of a junior college district than was levied for the previous year, unless requested to make such reduction by the board of trustees of the district. When a county has a general reassessment of property to increase the county ad valorem tax assessments, such county may reduce the millage for general support and capital improvements, provided that its aggregate budget for junior college purposes is not lower than was paid the previous year. The county contributed \$46,052 less to Holmes Community College than was contributed in the prior year. Contributing less than was appropriated in the prior year could result in a shortfall for the community college.

Recommendation

The Board of Supervisors should appropriate an amount for the Holmes Community College that is not lower than was paid the previous year.

Board of Supervisors’ Response

We were able to levy a smaller tax millage for capital improvements and general support for Holmes Community College, because the value of a mill increased by over \$23,000 per mill with the addition of the power plant to the land roll for the 2013 fiscal year. The reason our appropriation to Holmes Community College was lower is that in-lieu payments from Texas Gas Pipeline and from the power plant were \$72,823 for the 2012 fiscal year, while these payments for the 2013 fiscal year were \$14,673, representing a total difference of \$58,150. We did not receive any in-lieu payments from the power plant in the 2013 fiscal year, while the payments from Texas Gas Pipeline were less in 2013 than in the 2012 fiscal year.

Sheriff.

3. The Inmate Welfare account should be reconciled monthly.

Finding

An effective system of internal control over the Inmate Welfare account should include records documenting balances in inmates’ accounts that are reconciled to the bank statement. During testwork we noted that the Sheriff’s Office was not generating a report of inmates’ account balances to reconcile to the Inmate Welfare bank account. Failure to reconcile the monthly bank statement to a report documenting balances in inmates’ accounts could result in the loss or misappropriation of funds.

Recommendation

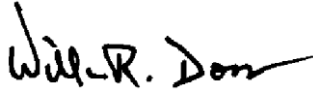
The Sheriff’s Office should implement a system of controls where a monthly report is generated that identifies the balances of inmates’ accounts and reconcile that report to the Inmate Welfare bank account statement monthly.

Sheriff's Response

Effective immediately, there will be monthly reports generated to reconcile accounts to the Inmate Welfare Fund bank account

Attala County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Will R. Doss". The signature is written in a cursive, slightly slanted style.

WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

December 23, 2014

ATTALA COUNTY

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ATTALA COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

ATTALA COUNTY

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ATTALA COUNTY

Schedule of Findings and Responses For the Year Ended September 30, 2013

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|------------|
| 1. | Type of auditor's report issued on the financial statements: | |
| | Governmental activities | Unmodified |
| | Aggregate discretely presented component unit | Adverse |
| | General Fund | Unmodified |
| | Capital Projects Fund | Unmodified |
| | Aggregate remaining fund information | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness identified? | Yes |
| | b. Significant deficiencies identified? | Yes |
| 3. | Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

Tax Assessor-Collector.

Significant Deficiency

2013-001. Credit card transactions should be reconciled.

Finding

An effective system of internal control over tax collections should include the maintenance and reconciliation of records documenting daily collections. As reported in prior five years' audit reports, the Tax Assessor-Collector was unable to reconcile credit card transactions. Failure to implement adequate controls over the collection, recording and disbursement functions could result in the loss of public funds.

Recommendation

The Tax Assessor-Collector should ensure that records of the credit card transactions are properly maintained and reconciled to the bank accounts in a timely manner.

Tax Collector's Response

We are repeating our self from the prior years that the last two days of the credit card transactions in the month does not always go to the bank until the next month.

Auditor's Note

The Tax Assessor-Collector needs to obtain a detailed listing of all specific credit card amounts remitted to the bank in order to reconcile to the bank account because all transactions are not always remitted to the bank by month end and without this information it is not possible to reconcile the amounts in the cash journal to the bank account.

ATTALA COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2013

Material Weakness

- 2013-002. Transactions should be posted to the Tax Assessor-Collector's cash journal daily and bank reconciliations should be performed in a timely manner.

Finding

An effective system of internal control over cash should include the daily posting of collections and disbursements in the cash journal and timely reconciliation of the cash journal to the bank accounts.

During our audit we noted the following:

- a. As reported in the prior two years' audit reports, the Tax Assessor-Collector did not maintain the cash journal on a timely basis. The Tax Assessor-Collector prepared a cash journal but failed to post to the journal for a number of weeks prior to the cash count on December 11, 2013.
- b. The cash journal was not reconciled to the bank accounts on a timely basis. As of February 2014, the cash journal had not been reconciled to the November 2013 bank statements.
- c. During the December 11, 2013 cash count, we noted an unidentified shortage of \$5,585 in the Tax Assessor-Collector's bank accounts.

Failure to post transactions to the cash journal and reconcile the cash journal to the bank statements in a timely manner could result in late or improper settlement of ad valorem taxes and misappropriation of public funds.

Recommendation

The Tax Assessor-Collector should ensure that all collections and disbursements are posted to the cash journal on a daily basis and that the cash journal is reconciled to the bank accounts in a timely manner. The Tax Assessor-Collector should also identify the cause of the cash shortage noted during the cash count.

Tax Collector's Response

We have until the 20th of the month to do our settlement. We do not post our cash journal until all of our settlement is finished and correct. This keeps us from having to go back and change an error if found.

Circuit Clerk.

Significant Deficiency

- 2013-003. Separation of duties in the Circuit Clerk's office should be strengthened.

Finding

An effective system of internal control should include an adequate separation of duties. As reported in the prior four years' audit reports, cash collection and disbursement functions are not adequately separated for effective internal control. The Circuit Clerk receipts collections, makes deposits, calculates the monthly settlements, posts the cash journal, reconciles the bank statements and disburses funds. Failure to have an adequate separation of duties could result in the loss of public funds.

ATTALA COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2013

Recommendation

The Circuit Clerk should implement a system for review of the accounting records by another person

Circuit Clerk's Response

I do not agree with the finding. I only write receipts or make deposits when no one else is available to do so at the time. All garnishment funds are receipted and disbursed by a deputy clerk. The criminal disbursements are made by another deputy clerk. I feel that there is an adequate separation of duties.

Auditor's Note

Although the Circuit Clerk does delegate some responsibilities, most bookkeeping functions are still performed by the Circuit Clerk. She does not collect receipts or make deposits often; however, she still has the authority to do so.